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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

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March 8, 1973

National Security Study Memorandum 174

TO:                   The Secretary of State  
                      The Secretary of Defense  
                      The Secretary of the Treasury  
                      The Director of Central Intelligence

SUBJECT:           National Security and U.S. Energy Policy

The President has directed a study of the national security implications of world energy supply and distribution. The study should define and discuss the national security aspects of the projected situation and propose alternative policies to deal with problems that are identified. The study should cover the following broad subjects:

-- The national security implications of the projected situation through 1985 including the foreign policy impacts of policies which involve maximum or minimum U.S. dependence on imported energy sources in peacetime. The study should consider, for example, alternative means of reducing the effect of boycotts by producer nations, other cut-offs or reductions in foreign supplies. The implications of foreign investment in U.S. energy development also should be considered in this context.

-- The foreign policy and national security implications of the consortium of oil producing nations (OPEC). This assessment should consider the implications of U.S. efforts to offset any adverse impacts and/or weaken the cohesion of the producers' cartel. It should include unilateral U.S. actions and concerted actions by the major consuming nations and assess the likelihood of achieving coordinated action with other consuming nations. In addition, the role of the U.S. Government in negotiations should be assessed including the impact of more active government support and involvement in negotiations with the OPEC cartel.

-- The implications of U.S. purchases of Soviet liquified natural gas viewed in the context of the projected energy situation.

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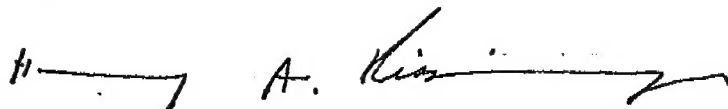
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-- The role of the USSR as a supplier of other forms of energy and as a possible importer of oil. It should also consider ways the Soviets could influence producer nation policies, manipulate access to sources of energy supply and exploit pressures on our Allies.

The study should be conducted by an ad hoc committee chaired by a representative of the NSC staff and composed of representatives of the recipients of this memorandum. An initial report should be submitted by April 15, 1973, for consideration by the President's Special Committee on Energy.

Because of the sensitivity of the issues being investigated by this study and the adverse impact which an unauthorized leak could have on ongoing negotiations with OPEC countries, information should be closely held and distributed on a strictly need to know basis.



Henry A. Kissinger

cc: The Director, Office of Management and Budget  
The Assistant to the President for Domestic Affairs  
The Assistant to the President for International  
Economic Affairs  
The Special Consultant to the President on Energy  
The Chairman, Joint Chiefs of Staff

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